

PSCU, the nation's premier payments credit union service organization, has updated its weekly transaction analysis from its Owner credit union members on a same-store basis to identify the impact of COVID-19 on consumer spending and shopping trends.

To provide relevant updates on market performance, experts from PSCU's Advisors Plus and Data & Analytics teams today released year-over-year weekly performance trends. In this week's installment, PSCU compares the seventh week of the year (the week ending Feb. 14, 2021 compared to the week ending Feb. 16, 2020).



OVERALL SPEND

Growth rates for both debit and credit softened in Week 7, as the effect of the stimulus monies received in early January are now wearing off.

Debit

↑ **12.5%**

Debit card spend is up 12.5% in Week 7 and debit transactions finished down 1.2%. Debit purchases are lower than the previous four-week average of +21.7% and transactions are also lower than the previous four-week average of +5.4%.

Credit

↑ **1.5%**

Credit card spend in Week 7 finished up 1.5%, below the previous four-week average of +4.4%. Transactions finished down 5.0%, lower than the previous four-week average of -2.5%.

CONSUMERS CONTINUE TO SHOW STRONG ADOPTION OF DIGITAL PAYMENTS, INCLUDING CONTACTLESS, MOBILE WALLETS AND CARD NOT PRESENT (CNP) ALTERNATIVES, WHILE USING LESS CASH.



CONTACTLESS
18.5% of Debit Card Present Transactions

13.6% of Credit Card Present Transactions

Contactless "tap-and-go" transactions via dual interface cards continue to show strong consumer acceptance, with debit showing notable strength. Debit contactless transactions as a percent of Card Present activity on contactless debit cards have more than doubled from around 8.4% in January 2020 to 18.5% in Week 7 of 2021. Contactless credit transactions have also more than doubled, growing from 6.5% to 13.6% of Card Present activity on contactless credit cards in the same timeframe. We continue to view these results as conservative, as the ratio considers the proportion of contactless activity to all card present transactions, not just those able to be tapped.



MOBILE WALLETS

↑ **52.0%** Debit

↑ **38.0%** Credit

Mobile wallet (i.e. "Pays") transactions and purchases for both credit and debit cards continue to show good growth with Card Present activity. Debit mobile wallet purchases finished Week 7 up 52.0% year over year, lower than the previous four-week average of +63.5%. Credit mobile wallet purchases are up 38.0% year over year, lower than the previous four-week average of +45.1%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT

43.4% of Purchases

31.0% of Transactions

CREDIT CARD NOT PRESENT

54.3% of Purchases

44.0% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 54.3% of purchase volume and 44.0% of transactions are CNP. For debit, 43.4% of purchase volume and 31.0% of transactions are CNP. Purchase mix has held steady and is up 6.5 percentage points year over year for credit and 6.5 percentage points for debit. Transaction mix also remains steady, up 9.7 percentage points for credit and 7.8 percentage points for debit year over year.



ATM

↓ **24.4%** Withdrawals

Cash withdrawal transactions at the ATM are down year over year. For the most recent week, the number of cash withdrawals was down 24.4%, below the previous four-week average of -17.5%.

A REVIEW OF MERCHANT CATEGORIES

From a merchant category perspective, the start of 2021 continues to show strong results in Goods, Utilities, Service and Grocery Stores, while year-over-year performance for Travel and Entertainment remains depressed. Drug Store performance has seen a steady decline in the past few weeks (All percentages are year-over-year weekly comparisons).



GOODS

↑ **24.8%** Debit

↑ **20.1%** Credit



UTILITIES

↑ **16.0%** Debit

↑ **10.7%** Credit



SERVICE

↑ **11.3%** Debit

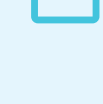
↑ **4.9%** Credit



GROCERY

↑ **8.0%** Debit

↑ **17.5%** Credit



DRUG STORES

↓ **3.5%** Debit

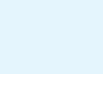
↑ **0.8%** Credit



RESTAURANTS

↓ **4.1%** Debit

↓ **20.0%** Credit



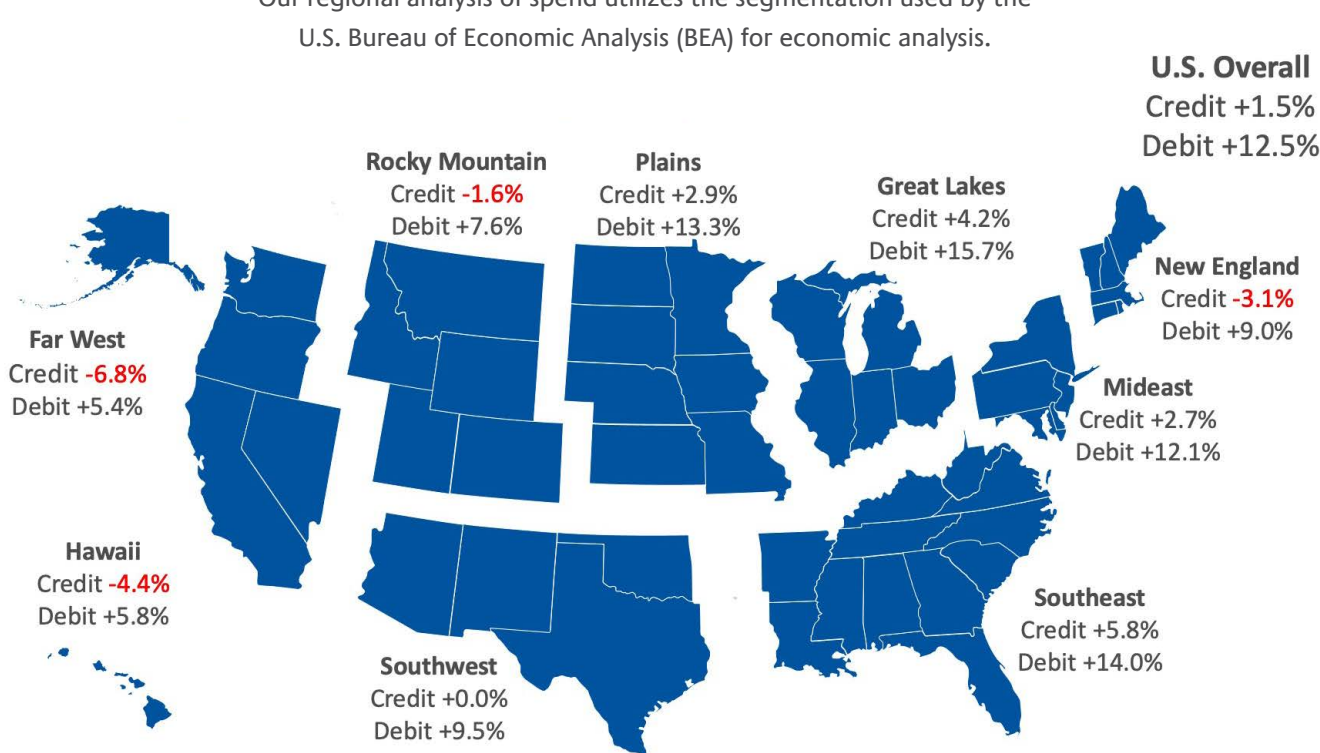
GASOLINE

↑ **1.9%** Debit

↓ **5.4%** Credit

REGIONAL SPENDING TRENDS

Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis (BEA) for economic analysis.



DEBIT

Overall U.S. spend was up 12.5% for debit purchases. The Great Lakes (+15.7%) and Southeast (+14.0%) finished as the strongest regions for Week 7. Hawaii (+5.8%) and the Far West (+5.4%) region had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 1.5% for credit purchases. The Great Lakes (+4.2%) and Southeast (+5.8%) finished as the strongest regions for Week 7. Hawaii (-4.4%) and the Far West region (-6.8%) had the lowest credit purchase performance.

THIS WEEK'S DEEP DIVE REVISITS THE SERVICE SECTOR, WHICH MAKES UP 16% OF OVERALL DEBIT PURCHASES AND 23% OF ALL CREDIT PURCHASES

Within the Service sector, two-thirds of the purchases (for both credit and debit) are represented in the top three segments: Professional Service & Membership Organizations, Service Providers and Contracted Services.



PROFESSIONAL SERVICE & MEMBERSHIP ORGANIZATIONS

Four-week Average

↑ **12.0%** Debit

↑ **2.0%** Credit

The Professional Service & Membership Organizations segment comprises healthcare and many other professional service categories, including legal, accounting, and engineering services. For the current four-week average through Week 7, year-over-year debit purchases are up for this segment by 12% and credit purchases are up 2%. Positively contributing to this category for credit and debit are Charitable and Social Service Organizations, along with Dentists & Orthodontists. Notable drops in this category include academic categories of Elementary & Secondary Schools and Colleges & Universities.



SERVICE PROVIDERS

Four-week Average

↑ **21.0%** Debit

↑ **13.0%** Credit

Service Providers, which include many insurance-related categories, have been strong. For the current four-week average through Week 7, debit purchases are up 21% and credit purchases are up 13%.



CONTRACTED SERVICES

Four-week Average

↑ **42.0%** Debit

↑ **24.0%** Credit

Contracted Services, which include veterinary services, air conditioning, electrical and roofing services, have seen continued strong performance, especially in debit purchases. For the current four-week average through Week 7, debit purchases are up 42% and credit purchases are up 24%.



DIGITAL GOODS

Four-week Average

↑ **160.0%** Debit

↑ **139.0%** Credit

Within the Service sector for Week 7, Digital Goods makes up 6% of debit purchases and 4% of credit purchases. This category contains online gaming/games, books, movies and applications, and from April 2020 has seen year-over-year increases of 50% and greater through the end of 2020. For the current four-week average through Week 7, Digital Goods are up 160% for debit purchases and credit purchases are up 139%. Top merchants in this category include Apple, Microsoft/Xbox, PlayStation and Amazon.



OTHER SERVICES

Four-week Average

↑ **11.0%** Debit

↑ **0.1%** Credit

The balance of the Service sector, representing roughly 30% of credit and debit purchases in the sector, comprises four additional segments: Business Services, Personal Service Providers, Repair Services and Government Services. Combined results for these four categories have trended in line with consumer behaviors over the course of the pandemic. For the current four-week average through Week 7, these combined categories finished up 11% for debit purchases and virtually flat, up 0.1% for credit purchases.



While year-over-year growth rates remained positive in Week 7, card payment volume softened for both debit and credit as stimulus funds were depleted. Some large retailers reported a shift in purchase behavior from larger-ticket items to more basic necessities, indicating consumers were more cautious with the smaller amount received from the second round of federal stimulus payments. In this week's deeper dive, we revisit the Service sector, where we see a mix of positive growth across all segments with only a few notable drops in academic categories including schools and colleges.

— *Glynn Frechette, SVP, Advisors Plus Consulting at PSCU*



PSCU's Weekly U.S. State/Territory Analysis is available on psc.com/covid19, ranking U.S. states and territories by year-over-year performance for debit purchases, credit purchases and ATM transactions.

PSCU will continue to develop and share analysis of transaction trends on a regular basis moving forward through the COVID-19 crisis. For more COVID-19 support resources, visit psc.com/covid19.